

Message Text

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SUB: MAJOR PROJECT REPORT- CIVIL ENGINEERING AND ERECTION OF
6,070 LOWCOST DWELLINGS IN CAPE TOWN AREA

REF: CAPE TOWN A-01, JANUARY 9,1976, 10 FAM 164

1. CAPE TOWN MUNICIPALITY PLANS IN NEAR FUTURE TO ISSUE TENDER
FOR ERECTION AND ALL CIVIL ENGINEERING WORK FOR 6,070 LOW-COST
DWELLINGS. FIVE THOUSAND DWELLINGS ARE TO BE ERECTED IN MITCHELL'S
PLAIN, A MAJOR AREA SET ASIDE FOR OCCUPANCY BY CAPE TOWN'S
"COLORED" COMMUNITY. 763 AND 307 DWELLINGS RESPECTIVELY ARE TO
BE CONSTRUCTED AT TWO SEPARATE LOCATIONS
IN 22 KILOMETER RADIUS OF CAPE TOWN.

2. 1500 UNITS HAVE ALREADY BEEN BUILT BY LOCAL FIRM WHICH
MERGED WITH MURRAY & STEWART, ONE OF LARGEST LOCAL CIVIL ENGINEERING
COMPANIES. 5,000 MORE ARE UNDER CONSTRUCTION. A TOTAL OF
40,000 ARE TO BE BUILT EVENTUALLY. MUNICIPALITY
HAS DECIDED THAT FOR THIS NEXT PHASE OF PROJECT, SUCCESSFUL
TENDERER WILL BE REQUIRED TO CARRY TOTAL FINANCING FOR PROJECT
-ESTIMATED AT 30-40 MILLION RAND (R1.00 EQUALS \$1.15).
REPAYMENT WILL BE MADE BY MUNICIPALITY (WITH PAYMENT GUARANTEED
BY NATIONAL GOVERNMENT) IN 16 SEMI-ANNUAL PAYMENTS OVER 8
YEAR PERIOD BEGINNING SIX MONTHS AFTER COMPLETION TOTAL PROJECT.
THUS, BIDDER WILL HAVE TO COMPUTE TOTAL COST OF PROJECT AND
INCLUDE COST OF AMORTIZATION OF CAPITAL OVER THIS PERIOD.
AS A GUIDE, MUNICIPAL OFFICIALS INDICATE THAT LAST SUCCESSFUL
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TENDERER SUBMITTED BID PRICE OF BETWEEN

4,500 TO 5,000 RAND PER DWELLING BUT WITHOUT
LENGTHY REPAYMENT PERIOD CONTEMPLATED BY NEW FINANCING SHCEME.

3. WHILE FOREIGN FIRMS ARE PERMITTED TO TENDER AND THERE
NO RPT NO LEGAL REQUIREMENT OF DOING SO IN PARTNERSHIP WITH
LOCAL FIRM, IT EXTREMELY UNLIKELY THAT FOREIGN FIRM COULD BE
SUCCESSFUL WITHOUT ENTERING AGREEMENT WITH QUALIFIED LOCAL FIRM.
WE UNDERSTAND ONE LOCAL FIRM HAS FORMED CONSORTIUM WITH FRENCH
AND IRISH COMPANIES IN BIDDING ON PREVIOUS PHASE OF PROJECT
BUT ONLY LOCAL FIRM SUBMITTED ACTUAL BID.

4. WE UNDERSTAND DOCUMENTS LIKELY TO BE RELEASED JULY 22
OR 29. TENDERS WILL BE DUE 2 MONTHS AFTER ISSUANCE OF DOCUMENTS.
IN RESPONSE OUR QUESTIONS MUNICIPAL OFFICIALS INDICATED THERE
WOULD BE CHARGE OF \$200.00 PER SET OF DOCUMENTS. THEY SAID
FEE COULD BE WAIVED FOR U.S.GOVERNMENT BUT ONLY REPEAT ONLY IF
WE COULD GUARANTEE RETURN OF DOCUMENTS TO MUNICIPALITY.

5. WHILE THIS IS SIZEABLE PROJECT, WE WONDER IF U.S.FIRMS
LIKELY TO BE DISCOURAGED BY PECULIAR FINANCING ARRANGEMENTS.
WOULD APPRECIATE ANY INDICATION THAT USDOC MAY GET OF U.S.
FIRM'S ATTITUDES TOWARD PROJECT.

GIVEN CIRCUMSTANCES OUTLINED ABOVE, WE WILL NOT RPT NOT ATTEMPT
OBTAIN TENDER DOCUMENTS UNLESS INSTRUCTED OTHERWISE BY DEPARTMENT.

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